

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI**

In re:)
)
NEWPORT FURNITURE COMPANY, INC.)
)
Debtor)
_____)

**CASE NO. 13-12650-JDW
Chapter 11**

**MOTION OF DEBTOR-IN-POSSESSION TO CONVERT TO A CASE
UNDER CHAPTER 7 PURSUANT TO SECTION 1112(A)**

Newport Furniture Company, Inc., the Debtor and Debtor-in-Possession herein ("Newport" or the "Debtor"), by and through its undersigned attorneys, files this *Motion to Convert to a Case under Chapter 7 Pursuant to Section 1112(a)* (the "Motion"). In support of this Motion, the Debtor respectfully states as follows:

Introduction

1. On June 28, 2013 (the "Petition Date"), the Debtor filed its *Voluntary Petition* under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Newport is a Delaware business corporation qualified to do and doing business in Mississippi, with its furniture manufacturing facility located in New Albany, Mississippi in which Newport presently employs approximately 100 persons.

2. Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, Newport is continuing to operate its business and manage its properties and assets as debtor-in-possession.

3. No official committee of unsecured creditors has been appointed in this case as of this date.

Jurisdiction and Venue

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

5. The statutory basis for the relief requested herein is Section 1112(a) of the Bankruptcy Code and Rules 1017 and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

Background Facts

6. The Debtor is eligible to be a debtor under chapter 7 of the Bankruptcy Code.

7. As required by Section 1112(a) of the Bankruptcy Code:

(a) The Debtor is a debtor-in-possession and no trustee has been appointed;

(b) The case was originally commenced as a voluntary case, not an involuntary case; and

(c) The case was filed as a voluntary petition under chapter 11 and has not been converted to a case under chapter 11 on the request of a party other than the Debtor.

8. The management of the Debtor has determined that it cannot effectively reorganize and that the conversion of the Debtor to Chapter 7 is in the best interests of creditors and other parties in interest.

9. Notice of this Motion will be served on all creditors and parties in interest and the United States Trustee. The Debtor further requests that the Court set this matter for hearing at the earliest practicable time.

Relief Requested

10. The Debtor requests that this Chapter 11 case be converted to a case under Chapter 7 of the Bankruptcy Code.

Notice

11. Notice of this Motion has been given to the following persons or entities: (a) the Debtor; (b) the United States Trustee; (c) The CIT Group/Commercial Services; (d) the 20 largest unsecured creditors of the Debtor; (e) the United States Attorney; (f) and all applicable federal and state taxing authorities.

WHEREFORE, the Debtor respectfully requests that this Court convert this case to a case under Chapter 7 of the Bankruptcy Code and grant such further relief as may be equitable and just.

THIS, the 9th day of July, 2013.

Respectfully submitted,

NEWPORT FURNITURE COMPANY, INC.

By: *s/ Stephen W. Rosenblatt*

Stephen W. Rosenblatt (MS Bar No. 5676)
Christopher R. Maddux (MS Bar No. 100501)
J. Mitchell Carrington (MS Bar No. 104228)
BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC
1020 Highland Colony Parkway, Suite 1400
Ridgeland, Mississippi 39157
Telephone: (601) 948-5711
Facsimile: (601) 985-4500
www.butlersnow.com

ATTORNEYS FOR DEBTOR

CERTIFICATE OF SERVICE

I certify that the foregoing pleading was filed electronically through the Court's ECF system and served electronically on all parties enlisted to receive service electronically and was separately served by e-mail on the following:

Margaret O. Middleton, Esq.
Office of the United States Trustee
501 East Court Street, Suite 6-430
Jackson, MS 39201-5002
Margaret.Middleton@usdoj.gov

Office of the United States Trustee
A.H. McCoy Federal Building, Suite 706
501 East Court Street, Suite 6-430
Jackson, MS 39201-5002
USTPRegion05.AB.ECF@usdoj.gov

Roseanne T. Matzat, Esq.
Joshua I. Divack, Esq.
Hahn & Hessen LLP
488 Madison Avenue
New York, NY 10022
RMatzat@hahnhausen.com
jdivack@hahnhausen.com

William H. Leech, Esq.
Daniel E. Ruhl, Esq.
Copeland Cook Taylor & Bush
P.O. Box 6020
Ridgeland, MS 39158-6020
bleech@cctb.com
druhl@cctb.com

Attorneys for The CIT Group/Commercial Services

SO CERTIFIED, this the 9th day of July, 2013.

/s/ Stephen W. Rosenblatt
STEPHEN W. ROSENBLATT